

**DEPARTMENT OF THE ARMY  
Omaha District, Corps of Engineers  
6014 U. S. Post Office and Court House  
Omaha, Nebraska 68102**

MRODC-FI

15 July 1976

Memorandum  
735-1-42

**PROPERTY ACCOUNTABILITY**

**Property and Cost Accounting Procedures for Government Property  
Furnished to Contractors**

1. **Purpose.** This memorandum prescribes the procedures to be followed for receipt and issue of Government property furnished to contractors.

2. **Applicability.** All elements of the Omaha District.

3. **Format of Accounts.**

a. Each contract having Government-furnished property will be maintained as a separate account consisting of a Voucher Register, Property Vouchers, Stock Records, and Property Administrator's Record.

b. The contract number will be the property account number.

c. Property accounts will not be established for contracts having no Government-furnished property. Existing property removed by contractors and property acquired by the Government as a result of contract modifications are not considered Government-furnished property.

4. **Receipt of Property.**

a. Military and civil property will be taken into the contract account by means of a receiving report and turned over to the contractor, and acknowledgment of receipt obtained by placing the following certificate on the face of the receiving report. "I certify that I have accepted the articles shown in quantity received column, except as noted, for use on Contract No. \_\_\_\_\_." This certificate will be signed by an authorized representative of the contractor. For property obtained by purchase or transfer with reimbursement, ENG Form 4480, charging the appropriate line item or feature of work, will accompany the receiving report forwarded to the Finance and Accounting Branch. For military property obtained without reimbursement, ENG Form 4480, debiting the appropriate line item and Cost Account 82013 will be forwarded to the Finance & Accounting Branch. Items of excess project-owned civil property, transferred to military activities, costing less than \$3,000 per unit or line item, regardless of condition, will be transferred without reimbursement. Items costing \$3,000 or more per unit or line item, in N-1 and N-2 condition, will be transferred at 20% of cost. Any transfer of property from the Revolving Fund will be *with reimbursement*.

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This Memorandum supersedes DR 735-1-10 dated 20 November 1972.

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b. Military and civil property acquired by contract modification will be accounted for on a receiving report which will be placed in a Jacket Folder File but will not be posted in the contract property account. A copy of the military receiving report, and a copy of the civil receiving report, with no cost adjustments, will be forwarded to the Finance and Accounting Branch. All property documents processed in the Jacket Folder File will show the source from which the property was derived, e.g., Contract Modification No. \_\_\_\_\_, etc. A copy of all property documents processed in the Jacket Folder File will be placed in the applicable contract property account for information purposes only.

c. Military and civil Government-furnished property returned by contractors will be transferred from the contract property account to the Jacket Folder File, using DD Form 1149 and ENG Form 3061, respectively. Military and Civil transfers will be filed in the appropriate contract and jacket folder account. One copy of such transfers will be furnished the Finance and Accounting Branch. *All such transfers must be approved in writing by the authorized representative of the contracting officer.* This approval will be indicated on the face of the transfer document.

d. Stock Record Cards in all contract property accounts will always reflect the actual balance of property not incorporated in the work. These cards will also show actual or estimated prices of the property items.

#### **5. Disposal of Property.**

a. Military property accounted for in the Jacket Folder File, transferred with or without reimbursement, will be listed on DD Form 1149. One priced copy of the document showing contract number from which the property was derived, together with ENG Form 4480, charging the appropriate line item and Cost Account 82008 will be forwarded to the Finance and Accounting Branch. One copy of the DD Form 1149 will be placed in the Jacket Folder File.

b. Transfer of civil property accounted for in the Jacket Folder File will be accomplished on ENG Form 3061. One copy of the form will be forwarded the Finance and Accounting Branch and one copy will be placed in the Jacket Folder File. Specific cost documents covering these transactions will be requested by the Finance and Accounting Branch.

c. On military and civil contracts, where property was issued to contractors, to be incorporated in the work, credit for such property will be obtained from usage checks.

d. Property which is excess to the needs of the construction program will be promptly reported to the Supply Division, using Disposition Form DA 2496, as outlined in DR 755-2-1.

**6. Usage Checks.** Usage checks will be prepared for all Government property furnished to contractors within 15 days after it has been incorporated in the work. Usage checks will be prepared on plain paper and will list only that material actually incorporated in the work during a given period. The following certificate, signed by the inspector performing the usage check and countersigned by the employee authorized to sign for the Property Administrator, will appear on each usage check. "I certify that the Government-furnished property listed hereon has been incorporated in the work under terms of Contract No. \_\_\_\_\_, during the period \_\_\_\_\_ (date) thru \_\_\_\_\_ (date)." Usage checks for

both civil and military property will be assigned a credit voucher number in the contract account and applicable postings accomplished. One copy of each usage check will be forwarded to the Finance and Accounting Branch.

**7. Removal of Existing Property.**

a. Military property removed from military facilities by construction contractors is normally considered to be the property of the Using Service (unless stated otherwise in the contract) and will be turned over immediately to the Using Service and receipt obtained. One copy of the receipt, showing specification reference or drawing number, will be filed in the contract property account for audit purposes. One copy of the receipt will be furnished to the Finance and Accounting Branch.

b. Civil works property removed from civil works facilities by construction contractors is normally considered to be Government property (unless stated otherwise in the contract) and if not needed by the field office, will be reported to the Supply Division, using Disposition Form DA 2496, as outlined in DR 755-2-1.

**8. Real and Installed Property Records — Military.** Real and installed property records will not be maintained for military contract property accounts. DD Form 1354 will not be assigned a property voucher number and *will not* be filed in the contract property account.

a. **Real Property Cards.** For all contracts, except Air Force, DA Form 2877, Real Property Record, will be prepared in original only. These forms will be attached to the DD Form 1354 and will be turned over to the Using Service at the time of transfer of completed construction.

b. **Installed Property Cards.** For all contracts except Air Force, DA Form 661 will be prepared in original only. This Form will list items of installed property, both Government-furnished and contractor-furnished, installed under terms of the contract, together with the price of each item. These forms will be attached to the DD Form 1354 and will be turned over to the Using Service at the time of completed construction. With the concurrence of a Using Service, an attached list of installed property may be used in lieu of the DA Form 661.

c. **Transfers to the Department of the Air Force.** Transfers of installed property to the Department of the Air Force will be effected by attaching to the DD Form 1354, a priced list of all installed property incorporated in the facility being transferred. No real or installed property cards will be furnished the Department of the Air Force; however, the priced list of installed property should be prepared in sufficient detail to allow preparation of Real and Installed Property Cards by the Department of the Air Force.

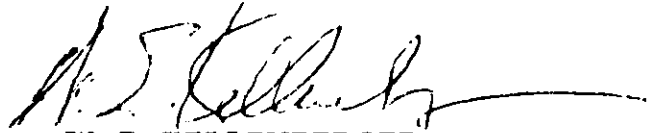
**9. Final Review of Government-Furnished Property Accounts.** Final review of Government-furnished property accounts, prior to final payment to the contractor, will no longer be performed by the Audit Branch. Instead, such review will be performed by the District Property Administrator. Government-furnished property accounts maintained in Area Offices will be forwarded to the Property Administrator for final review, upon

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completion of the contract work, and prior to the submission of the final pay estimate. It will not be necessary to include with the GFP Account a copy of the contract, addendums, modifications, etc., since these are available in the District office.

FOR THE DISTRICT ENGINEER:

A handwritten signature in black ink, appearing to read 'W. E. Kellenberger', with a long horizontal flourish extending to the right.

**W. E. KELLENBERGER**  
**LTC, Corps of Engineers**  
**Deputy District Engineer**

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